

# State of South Dakota

## EIGHTY-NINTH SESSION LEGISLATIVE ASSEMBLY, 2014

686V0114

### HOUSE BILL NO. 1001

Introduced by: Representatives Sly, Dryden, Duvall, Haggar (Don), Haggar (Jenna), Hajek, and Verchio and Senators Tidemann and Hunhoff (Jean) at the request of the Interim Education Funding Formula Study Committee

1 FOR AN ACT ENTITLED, An Act to gradually reduce, over a period of four years, the  
2 percentage of capital outlay funds that school districts may use for certain expenses.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That § 13-16-6 be amended to read as follows:

5 13-16-6. The capital outlay fund of the school district is a fund provided by law to meet  
6 expenditures which result in the acquisition or lease of or additions to real property, plant, or  
7 equipment. Such an expenditure shall be for land, existing facilities, improvement of grounds,  
8 construction of facilities, additions to facilities, remodeling of facilities, or for the purchase or  
9 lease of equipment. It may also be used for installment or lease-purchase payments for the  
10 purchase of real property, plant, or equipment, which have a contracted terminal date not  
11 exceeding twenty years from the date of the installment contract or lease-purchase and for the  
12 payment of the principal of and interest on capital outlay certificates issued pursuant to § 13-16-  
13 6.2.

14 Any purchase of one thousand dollars or less may be paid out of the general fund. The total



1 accumulated unpaid principal balances of such installment contracts and lease-purchase and the  
2 outstanding principal amounts of such capital outlay certificates may not exceed three percent  
3 of the taxable valuation. The school district shall provide a sufficient levy each year under the  
4 provisions of § 13-16-7 to meet the annual installment contract, lease-purchase, and capital  
5 outlay certificate payments, including interest.

6 A school district which contracts its student transportation may expend from the capital  
7 outlay fund an amount not to exceed fifteen percent of the contract amount. In addition, a school  
8 district which reimburses for mileage instead of providing transportation pursuant to § 13-30-3,  
9 may use the capital outlay fund to pay for fifteen percent of its mileage reimbursement costs.

10 The capital outlay fund may be used to purchase textbooks and instructional software.

11 The capital outlay fund may be used to purchase warranties on capital assets if the  
12 warranties do not include supplies.

13 During the period of time beginning on July 1, 2009, and ending on June 30, 2018, any  
14 school district may make payments from its capital outlay fund for the purchase of property  
15 insurance and casualty insurance, for payments for energy costs and the cost of utilities, and for  
16 motor fuel or for any portion of a contract providing transportation to students or for any  
17 mileage reimbursements. However, for school fiscal year 2015, the total amount that a school  
18 district expends from its capital outlay fund for these expenses may not exceed ~~forty-five~~ forty  
19 percent of the total tax revenues deposited in that fund during the ~~current~~ 2015 school fiscal  
20 year, ~~and for any~~; for school fiscal year 2016, the total amount expended from the capital outlay  
21 fund for these expenses may not exceed thirty percent of the total tax revenues deposited in that  
22 fund during the 2016 school fiscal year; for school fiscal year 2017, the total amount expended  
23 from the capital outlay fund for these expenses may not exceed twenty percent of the total tax  
24 revenues deposited in that fund during the 2017 school fiscal year; and for school fiscal year

1 2018, the total amount expended from the capital outlay fund for these expenses may not exceed  
2 ten percent of the total tax revenues deposited in that fund during the 2018 school fiscal year.  
3 If, in school fiscal year 2015, 2016, 2017, or 2018, the tax levy for the capital outlay fund in a  
4 school district with a current tax levy for the capital outlay fund that is greater than its tax levy  
5 for the capital outlay fund in school fiscal year 2008, the total amount expended from the capital  
6 outlay fund for these expenses may not exceed ~~forty-five~~ the allowable percent of the total tax  
7 revenues that would have been deposited in that fund during ~~the current~~ that school fiscal year  
8 if the tax levy for the capital outlay fund had not been increased since 2008.